

OIL AND GAS LEASE
(PAID-UP LEASE)

THIS AGREEMENT, made and entered into this 30th day of November, 2009,
by and between BEN KINGREE III and SARA JANE KINGREE, husband and wife
of 34 Planters Row, Hilton Head, South Carolina 29928,
party of the first part, hereinafter called "Lessor" (whether one or more) and **DRILLING APPALACHIAN CORPORATION**, of Post Office Box 99, Alma, West Virginia, 26320, hereinafter called "Lessee".

WITNESSETH:

1. That the Lessor, in consideration of the sum of Ten Dollars (\$10.00), the receipt of which is hereby acknowledged, and other good and valuable consideration, and the covenants and agreements hereinafter contained, Lessor does hereby let, demise and grant unto the Lessee, its heirs, assigns, successors or representatives, with covenants of general warranty, all of the oil and gas, liquid hydrocarbons, gaseous hydrocarbons, and coalbed methane, and all of the constituents of the same (hereinafter collectively referred to as the "Oil and Gas"), in and under the land hereinafter described, together with the exclusive right to explore and drill for, produce and market Oil and Gas, and also the exclusive right to enter thereon at all times for the purpose of exploring for, drilling and operating for Oil and Gas, and water, laying pipelines, erecting tanks, machinery, powers and structures, and to possess, use and occupy so much of said premises as is necessary and convenient for said purposes and to convey the above-described products by pipelines or otherwise, together with (i) a non-exclusive right-of-way across the demised premises for purposes of ingress and egress to and from adjoining lands, (ii) the right to install, maintain and remove pipelines for the transportation of Oil and Gas to and from other lands, and (iii) the right to use water from the demised premises; and also the right to erect, or remove, at any time, all property placed upon the demised premises by the Lessee in connection with the exercise of the rights granted hereby, which tract of land being situate in the District of Cameron, County of Marshall, and State of West Virginia, bounded and described as follows, to-wit: now or formerly bounded on the
North by lands of Barnes et al
East by lands of Young et al
South by lands of Mead District Line
West by lands of Albright, Park
containing 10.75 acres, more or less and being the same tract known and designated on the Land Books for Marshall County, West Virginia, for the year 2009 as Tax map number 19, Parcel numbers 79 (the "Leased Premises").
2. It is agreed that this lease shall remain in force for a primary term of Five year(s) from the date hereof (called "primary term") and as long thereafter as operations for Oil and Gas are being conducted on the leased premises or lands pooled therewith or Oil and Gas or any component thereof is found in paying quantities thereon or on lands with which the leased premises is pooled hereunder. The word "operations" or "drilling operations" as used herein shall include but not be limited to any of the following: preparation of a drill site location and/or access roads; the actual drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an attempt to obtain production of oil and/or gas and any other actions conducted on the leased premises associated with or related thereto.
3. The Lessee shall pay to the Lessor, as a royalty, one-eighth (1/8) of the proceeds received by the Lessee from the sale of Oil and Gas produced, saved and marketed from the hereinabove-described demised premises. For the purposes of this Paragraph No. 3, the term "proceeds" shall mean the sums actually received by the working interest owners of the well or wells drilled upon the hereinabove-described demised premises pursuant to this Lease from the purchaser or purchasers of Oil and Gas at the well head. The term "proceeds" shall not include any sums deducted by said purchaser or purchasers in the calculation of the amount to be paid to the working interest owners, including, but

D.A.C.
Po Box 99
Alma, WV 26320-0099

not limited to, sums deducted by the purchaser or purchasers for the cost of marketing, transporting or treating such Oil and Gas. Lessee shall pay Lessor a royalty at the rate of Fifty Dollars (\$50.00) per year on each gas well while, through lack of market or other reason beyond the control of Lessee, gas there from is not sold or used off the premises, and while said royalty is so paid, said well shall be held to be a paying well under Paragraph 2 hereof. The Lessor specifically waives any rights he might avail himself of regarding any presumption of abandonment provided by West Virginia Code Section 36-4-9(a) and recognizes the continuing validity of this lease during any periods of reduction, curtailment or cessation of production so long as the shut-in royalties specified herein are paid by Lessee as provided herein, which shut-in royalties Lessor covenants to accept in lieu of production royalties.

4. Lessee shall not be required to pay to Lessor a delay rental hereunder until drilling operations are commenced as this is a five (5) year paid-up lease.
5. All moneys coming due hereunder shall be paid or tendered to Lessor directly, or by check payable to SAME AS ABOVE, at, and no default shall be declared against the Lessee by the Lessor for failure of the Lessee to make any payment or perform any conditions provided for herein unless the Lessee shall refuse or neglect to pay or perform the same ninety days after having received written notice by registered mail from the Lessor of his intention to declare such default.
6. It is further agreed that there shall be free gas from Lessee's gas well on said lands for domestic use only, in one dwelling house on said lands, in the amount of 200,000 cubic feet of gas per annum, to be taken through his own appliances at any producing gas well and agrees to pay Lessee a fair domestic rate for any gas used in excess thereof. Lessor further covenants and agrees that his taking and use of gas shall be wholly at his own risk, and further, that the Lessee shall not be liable for any shortage or failure in the supply of gas for said domestic use.
7. If said Lessor owns an interest in the above described land less than the undivided fee simple estate therein, then the royalties herein provided shall be paid the Lessor only in the proportion which his interest bears to the whole and undivided fee.
8. Lessor grants Lessee the right to pool, unitize, or combine all or any part of the Leased Premises with any other land, leased or unleased, whether owned by Lessee or others, to create drilling or production units either by contract right or pursuant to governmental authorization, for all formations below the Tully Limestone, including the Marcellus Shale. In the event of the unitization of the whole or any part of the Leased Premises, Lessee shall, either before or after the completion of a well, record a copy of its unit operation designation in the county in which the Leased Premises is located. Lessee shall have the right to change the size, shape and conditions of operation or payment of any unit created, without consent of Lessor. As to such unit, Lessor agrees to accept and receive out of the productions or proceeds from the production or the proceeds from the production of such unit, such proportional share of the royalty from each unit well as the number of acres in the Leased Premises which may be included from time to time in the total unit acreage.
9. No well may be drilled nearer than 200 feet to the house or barn now on said premises without the written consent of the Lessor. Lessee shall have and enjoy all rights and privileges necessary and convenient for the proper use and development of this lease, and shall have the right to use, free of cost, Oil and Gas and water produced on said land for its operations thereon, except water from wells of surface owner. Lessee shall also have the right at any time to remove all or part of the machinery, fixtures or structures placed on said premises, including the right to draw and remove casing. Lessee shall pay for damages caused by its operations to growing crops on said lands, and when requested by Lessor, shall bury its pipelines below plow depth.
10. The interest or estate of either party hereto may be assigned, the privilege of assigning in whole or in part being expressly allowed. In the event this lease shall be assigned as to any part or parts of the above described land and the assignee or assignees of such part or parts shall fail or make default in the payment of its proportionate part of any payments due from him or them, then the liability for

any such breach shall rest exclusively upon the owner or owners of this lease or of a portion thereof that commits such breach or default and such breach or default shall not operate to defeat or affect this lease insofar as it covers a part or parts of said land upon which the said Lessee or any assignee thereof shall make due payments. No change of ownership in the land or royalties shall be binding on the Lessee until after notice to the Lessee by furnishing Lessee with a written transfer or assignment or a certified copy thereof.

11. At any time, Lessee, its successors or assigns, shall have the right to surrender this lease or any part thereof for cancellation, after which all payments and liabilities hereunder thereafter shall cease and terminate, and if the whole is surrendered, then this lease shall become absolutely null and void. This surrender may be made to Lessor, or if more than one Lessor, then to any one of them, or to the heirs or assigns of any one of them by delivery of a duly executed surrender thereof in person or by mail addressed to the post office address of such person, or by recording a duly executed surrender thereof in the Recorder's Office of the County in which the land is located.
12. Lessor agrees that the Lessee at its option may pay, discharge or redeem any taxes, mortgages, or other liens, existing, levied, or assessed on or against the above described lands, and in the event it exercises such option, it shall be subrogated to the rights of any holder or holders thereof and may reimburse itself by applying any royalty accruing hereunder to the discharge of any such taxes, mortgages or other liens.
13. It is expressly agreed that if the Lessee shall commence drilling operations at any time while this lease is in force, it shall remain in force and its terms continue so long as such operations are prosecuted, and if production results there from, then as long as production continues. If after the expiration of the term of this lease, production from the leased premises shall cease from any cause, this lease shall not terminate provided Lessee resumes operations within ninety days from such cessation, and this lease shall remain in force during the prosecution of such operations, and if production results there from, then as long as Oil and Gas or the component thereof is produced in paying quantities.
14. If at any time during the primary term of this lease or any continuation thereof, Lessor receives any bona fide written offer, acceptable to Lessor, to grant another lease or an additional lease ("Top Lease") to any party or parties covering all or any portion of the Leased Premises, then Lessee shall have the continuing right and option to match or meet any such offer to acquire a Top Lease on equivalent terms and conditions and on the same lease form that is acceptable to Lessor. Any bona fide offer must be in writing and must set forth the proposed Lessee's name, the consideration to be paid to Lessor for executing the Top Lease, the royalty percentage to be reserved by Lessor, and include a copy of the lease form to be utilized that reflects all pertinent and relevant terms and conditions of the proposed Top Lease. Lessee shall have fifteen (15) days after receipt from Lessor, via certified mail return receipt requested, of a complete copy of any such offer to advise Lessor in writing of its election to exercise its option to enter into an oil and gas lease with Lessor on equivalent terms and conditions. If Lessee fails to notify Lessor within the aforesaid fifteen (15) day period of its election to meet or match the terms and provisions included in any such bona fide offer, then Lessor shall have the right to accept said offer. Any Top Lease granted by Lessor in violation of this provision shall be null and void.
15. This lease may be executed in any number of counterparts and shall be binding upon all owners of interests in the leased premises executing the same or a counterpart hereof, and upon their respective heirs, successors and assigns, whether or not named herein as one of the Lessors, and whether or not other owners of interests in the leased premises have executed other counterparts or have not entered into this lease.
16. This lease embodies the entire contract and agreement between Lessor and Lessee, and no warranties, representations, promises or inducements not herein expressed have been made or relied upon by either party. The terms, conditions and stipulations hereof shall extend to the respective heirs, executors, administrators, successors and assigns of the parties hereto.

IN WITNESS WHEREOF, The said parties have hereunto set their hands and seals, the day and year first above written.

BY: Sarah Jane Ringree

BY: Benjamin

ACKNOWLEDGMENTS

STATE OF South Carolina
 COUNTY OF Beaufort

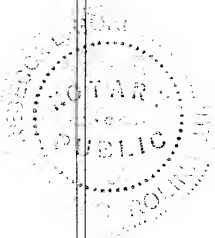
I, Rebecca Gordon Schmitt, a Notary Public in and for said County of Beaufort, SC do certify that Sarah Jane Kingree whose name(s) (is/are) signed to the writing hereto annexed, ha this day acknowledged the same to be her free act and deed before me in my said County. Given under my hand and official seal, this 7th day of December, 2009.
 My Commission expires: June 21, 2017

Rebecca Gordon Schmitt
 Notary Public

STATE OF South Carolina
 COUNTY OF Beaufort

I, Rebecca Gordon Schmitt, a Notary Public in and for said County of Beaufort, SC do certify that Ben Kingree III whose name(s) (is/are) signed to the writing hereto annexed, ha this day acknowledged the same to be his free act and deed before me in my said County. Given under my hand and official seal, this 7th day of December, 2009.
 My Commission expires: June 21, 2017

Rebecca Gordon Schmitt
 Notary Public



Jan Pest
 MARSHALL County 10:33:39 AM
 Instrument No 1279993
 Date Recorded 01/13/2010
 Document Type O&G
 Pages Recorded 5
 Book-Page 693-1
 Recording Fee \$5.00
 Additional \$6.00

This instrument prepared by
 and after recordation, return to:
 D.A.C.
 P. O. Box 99
 Alma, WV 26320-0099

STATE OF WEST VIRGINIA, MARSHALL COUNTY, SCT.:

I, JAN PEST, Clerk of the County Commission of said County, do hereby certify that the annexed writing, bearing date on the 20th day of December, 2009, was presented for and by me, admitted to record in my office upon the above certificate as to the parties therein named this 13th day of January, 2010 at 10:33 o'clock A.M.

TESTE: Jan Pest Clerk.